

SUMMARY OF GAO FINDINGS:

Increased competition in the health care market, including new specialty hospitals, results in significant changes benefiting both health care providers and consumers

Competition is increasing – a healthy development for health care

“While the majority of survey respondents indicated that competition from other general hospitals had increased, a larger proportion of respondents—91 percent of urban general hospitals and 74 percent of rural general hospitals—reported increases in competition from limited service facilities, a category that includes specialty hospitals, but also many other types of facilities, such as ambulatory surgical centers (ASC), imaging centers, urgent care centers, and gastroenterology centers.” (page 5)

General hospitals who reported increased competition also reported making changes resulting in positive benefits for both consumers and practitioners

“Nearly all general hospitals that responded to our survey described their market environments as ranging from somewhat competitive to extremely competitive.” (page 9)

“Nearly all general hospitals responding to our survey reported making operational and clinical service changes to remain competitive in what they viewed as increasingly competitive healthcare markets.” (page 4)

“Overall, the general hospitals that responded to our survey reported making a variety of operational and clinical service changes to better compete in their markets.” (page 20)

General hospitals have a greater competitive advantage since they significantly outnumber specialty hospitals

“Specialty hospitals represent a small share of the national health care market and the competition that general hospitals face from other general hospitals, ASCs, imaging centers, and other types of facilities. In 2005, we identified 66 existing specialty hospitals and an additional 46 that were under development. In contrast, there were an estimated 4,800 general hospitals, 4,100 Medicare certified ASCs, and 2,400 imaging centers.” (page 6)

Specialty hospitals are not a threat to the operations and clinical performance of general hospitals

“Despite the relatively small number of specialty hospitals, the issue of how general hospitals have responded to the competition from specialty hospitals has been a subject of debate. Federal agencies have broadly addressed how general hospitals’ competitive actions have been influenced by the presence of specialty hospitals; however, to date, the evidence has been largely anecdotal.” (page 6)

“Overall, the operational and clinical service changes reported by general hospitals that responded to our survey appeared largely unaffected by the presence or absence of specialty hospitals in their markets.” (page 13)

Specialty hospitals and other limited-service facilities are helping to increase competition with positive changes in general hospital practices

“A larger percentage of general hospitals that responded to our survey—both urban and rural—reported increased competition from limited-service facilities relative to those that reported increased competition from other general hospitals.” (page 10)

“General hospitals reported making an average of 22 operational changes, such as introducing a formal process for evaluating efforts to improve quality and reduce costs, and 8 clinical service changes, such as adding or expanding cardiology services, from 2000 through 2005.” (page 5)

“Overall, 100 percent of general hospitals we surveyed reported implementing at least 1 operational change, while 97 percent reported adding at least 1 new clinical service or expanding an existing one and 32 percent reported eliminating at least 1 clinical service or devoting fewer resources to it.” (page 5)

“Overall, general hospitals that responded to our survey had reported implementing between 3 and 66 separate changes.” (page 11)

Changes at general hospitals due to outside competition create better working environments for nurses and physicians

“Four of the 6 most commonly reported operational changes involved increasing wages and benefits for nurses and offering more flexible working schedules in an effort to improve nursing staff retention or recruitment.” (page 11)

“In addition, 4 of the 18 most commonly reported operational changes related to physicians. These changes involved increasing the physicians’ role in hospital governance, increasing physician income guarantees, hiring new physicians, and beginning a hospitalist program.” (page 11)

Changes at general hospitals due to outside competition increases options for better clinical care

“Nearly all general hospitals that responded to our survey reported implementing clinical service changes. Overall, 97 percent of the hospitals added or expanded at least one type of clinical service. The majority of hospitals added or expanded imaging/radiology services (73 percent) and cardiology services (57 percent).” (page 13)

Changes at general hospitals due to outside competition increases options for patients and consumers

General hospitals reported making operational changes to:

- Reduce the average turnover time between operations in their operating rooms;
- Implement formal processes for evaluating efforts to improve quality and reduce costs;
- Decrease patient wait times to attract new patients;
- Expand emergency department capacity;
- Increase communication with families during inpatient stays; and,
- Institute sliding fee scales for self-pay patients. (page 12)

Other changes included: Incorporating critical pathways for case management (management plans establishing goals for patients and providing the sequence and timing of actions necessary to achieve these goals efficiently); standardization of operating room supplies; and implementation of wireless technology. (page 12)